

~~TOP SECRET~~

Approved For Release 2004/03/16 : CIA-RDP80M01133A000600130007-2

25X1

Copy 7 of 7
4 March 1975

TO: NSA

25X1 ATTENTION:

[REDACTED]

25X1 FROM: DCI/IC,

[REDACTED]

SUBJECT: NRP COMINT Initiatives

1. Per your request, I have reviewed R24/SPO/026/75 titled "New COMINT Initiatives for Overhead." The following comments are in addition to those that surfaced during our meeting on 27 February.

2. The document dwells considerably on ELINT systems which are at some variance with the charge as stated by the DCI at the November 1974 ExCom. I would suggest inclusion of ELINT systems only in those areas where either existing ELINT systems can perform a meaningful new COMINT role or system interaction leads to more efficient use of resources.

3. There is no clear appreciation rendered of the value of the intelligence to be gained from new COMINT initiatives except for the well-informed, i.e., 200 more channels connotes only volume to some, not necessarily value. I would recommend some reorganization/addition of material to incorporate this aspect. The SIGINT environment of the 1980s might be lead-in to treatment of this.

4. The time scale of implementation should be portrayed with some sense of priority among the several initiatives. In your discussions with the NRO, some appreciation of costs should be ascertained and included. Technical feasibility, of course, is also important.

5. I suggest that charts, graphs, etc., be used wherever possible to either reduce the amount of prose or supplement the prose to clarify a particular statement or group of statements. You might consider an executive summary also.

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6. Processing/exploitation should be discussed in relation to each initiative with some brief impact/assessment statement as to the feasibility with respect to costs, linguists, and technology needed. A matrix or similar graphic might be useful to portray/summarize this. New/Imaginative initiatives that address voice processing technology area would be welcomed as of interest to the DCI.

7. Presentation to the ExCom probably will be in the form of a briefing; hence, written material should be distributed in advance of the ExCom. Please coordinate this matter with the NRO Staff.

8. Please incorporate in your schedule a preliminary briefing to the D/DCI/IC at least 7-10 working days in advance of ExCom.

[redacted]
DCI/IC [redacted]

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Distribution:

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Copy ~~5~~ - CPAD Subject

Copy ~~6~~ - CPAD Chrono

Copy ~~7~~ - IC Registry

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TOP SECRET

DCI/IC 75-0907

3 MAR 1975

Lieutenant General Daniel O. Graham, USA
Director, Defense Intelligence Agency
Washington, D.C. 20301

Dear Dan:

I know you're still working the PL 93-552 high-cost lease problem. I think Bill Colby will support a bid to get relief for the DAS if we can make a good case.

It will take some doing, but I think you can tie the entertaining that attaches do in their quarters to sources that have an intelligence payoff.

If you agree, and if you can supply the ammunition, I'll ask Bill to cover the problem in his Congressional presentations and in a letter that you can use for support in the Pentagon.

I'll wait until I hear from you before bringing the problem up with Bill.

Sincerely,

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Samuel V. Wilson
Lieutenant General, USA
D/DCI/IC

Distribution:

Orig. - Addressee
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1 - IC Registry
1 - MPRRD Subject
1 - MPRRD Reading
1 - MH Chrono

STAT DCI/IC/MPRRD (3Mar75)

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INTELLIGENCE COMMUNITY STAFF

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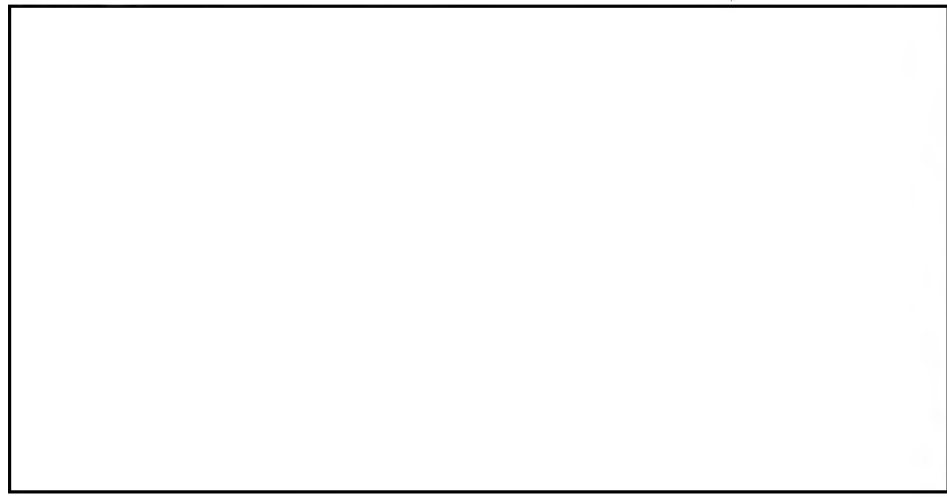
STAT



The attached will bring you up
to date on the attack housing
problem.

I tend to agree with Mart's
suggested approach. Any thoughts or
guidance?

ILLEGIB



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3 March 1975

STAT

AD/DCI/IC

You wanted an informal note from
STAT [redacted] to Danny Graham to raise the
issue of high-cost leases for attache quarters.

I think the attached will do the job.

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ACTION

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26 February 1975

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MEMORANDUM FOR:

SUBJECT : Government Leases for Attaches

1. You asked me to look into the problem of government leases for attache quarters. Here's the background:

a. Until FY 74, there were no limitations on DoD leases overseas. PL 93-166 of 29 November 1973, the FY 74 Military Construction Authorization Act, limited DoD to 7,500 foreign leases. The act put an average monthly cost limit of \$325 and an upper cost limit of \$625 on these leases. It also permitted the Secretary of Defense to exempt 300 of the leases from the upper cost limit. When DoD allocated the leases, DIA was given an average cost limit of \$477 per month for its foreign leases, but was not limited in the number of leases it could have. DIA also got 115 of the exempted, or high-cost, leases. All of DIA's leases are for attache system personnel.

b. PL 93-552 of 27 December 1974, the FY75 Military Construction Authorization Act, increased the number of DoD overseas leases to 12,000 and the average monthly cost limit to \$355. It cut, however, from 300 to 150, the number of high-cost leases that could be exempted from the \$625 ceiling.

c. DoD reallocation based on PL 93-552 gave DIA 183 leases at an average cost of \$485. It also redistributed the high-cost leases based on the number actually in effect. DIA had 100. An across-the-board 16% cut left DIA with 84, Army with 44, Navy with 15, Air Force with 5, and NSA with 2. These numbers have to be met by 30 June 1975.

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2. ASD(I&L) represented DoD at the authorization hearing. DIA had a witness ready to testify, but was told that neither the witness nor written inputs were needed by I&L. Based on the attached report of the hearing, it appears that the I&L witness wasn't prepared to support DIA's case. He apparently had little or no backup material with him. The few items that Senator Symington requested that are in the record were provided after the hearing.

3. Unless given relief, DIA now has to find 16 high-cost leases to reduce or terminate by the end of this fiscal year. Of those in effect, three or four are only a few dollars above the \$625 limit and can probably be renegotiated within the ceiling. There are 13 or 14 others that DIA will try to renegotiate at a lower rate. These do not look too hopeful. Here are some of the complications:

a. Utilities and security are included in the cost of a lease. During the hearing, Senator Symington focused on a lease for a major in Adibjan, Ivory Coast, that runs \$16,062 per year. The annual utilities bill in that sum is \$7,138. The share for security is \$2,120 per year.

b. The rising cost of utilities threatens to push some of DIA's low-cost leases above the \$625 limit into the high-cost category.

✓c. New attache offices are opening in high-cost countries. A new lease in Egypt will cost DIA \$1,225 per month. Two new leases in Syria will cost \$975 and \$1,125 per month.

d. [] In the past, DIA has used intelligence contingency funds (ICF) to make up the difference between housing and station allowances and private rental costs for attache system personnel when government leases were not available. This kept people from having to pay out-of-pocket. DIA doesn't have the padding in its FY 76 ICF to make up the difference if the high-cost leases are converted to private rentals.

e. To get down to 84 high-cost leases by 30 June, DIA will most likely have to move some of its attache system personnel in mid-tour. This is unsettling for a family. There are also sizeable out-of-pocket expenses that are not reimbursed when a family moves to new quarters.

f. Some of the attache system people in high-cost leases are staff personnel--enlisted and secretaries. They have no representational function requiring quarters suitable for entertaining large numbers of people. They are in the high-cost leases because

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adequate housing at lower cost simply isn't available. They would be hurt the most by mid-tour moves.

4. Contrary to my interim report to you, DIA does not have housing criteria established by country. Where local conditions permit, DIA tries to parallel DoD housing criteria for grade and duty. Although it would be difficult, DIA should be able to develop housing criteria for each country in which it has an attache office. The criteria would be based on considerations such as the kind and cost of housing available, the social customs of the country, the nature of the official community, the official social functions required of attaches, security needs, grade, duties and responsibilities. Armed with these criteria, DIA could support individual leases on their merits against agreed standards.

5. In my interim report, I told you that DIA found out about the Senate's intention to cut high-cost leases too late to bring it up during the FY 76 program and budget reviews. This isn't so.

a. DIA did mention to the ASD(I) Staff that they anticipated the problem, that they were working with I&L to solve it, and that if they needed any other help, they would ask ASD(I) for it. They never came back. The ASD(I) Staff assumed, therefore, that the problem was being handled satisfactorily between DIA and ASD(I&L).

b. I've discussed the problem with my ASD(I) counterpart, who is alerting Jim Vance. I've also suggested to DIA that they forthwith bring the ASD(I) Staff up to speed and keep them in the loop on the problem. DIA did go to the ASD(I) Staff yesterday to explain the problem. I'm told they are also preparing a memorandum to Dr. Hall. At least now, if we bring the subject up with ASD(I), they will know what we're talking about.

a. DIA should establish criteria for quarters for attache system personnel on a country-by-country basis to include requirements for in-quarters entertainment.

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[REDACTED]

c. In high-cost areas, such as Japan and Hong Kong, DIA should survey quarters available under the \$625 per month lease limit and be able to demonstrate why they are unsuitable. Photographs would be useful. (I saw photographs of the \$12,062 per year house in Adibjan that attracted so much of Senator Symington's attention. It certainly doesn't look "ostentatious" to me.)

7. The immediate problem is leased housing for FY 76. DIA is trying to work out alternatives to get down to 84 high-cost leases. Until this exercise is finished, we can't assess what, if any, real impact the reduction will have. Assuming that DIA will need relief, the options seem to be, in order of doability:

a. Redistribute the 150 high-cost leases that are available. This can be done within DoD. The feasibility depends on priorities for the leases among DIA, the Services and NSA.

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b. [REDACTED] Increase DIA's ICF limitation to cover the out-of-pocket cost that attache system personnel would have to pay if high-cost leases were converted to private rentals. This could probably be justified for officer personnel whose social and representational contacts can be related to the intelligence mission, but not for staff personnel.

-- IC\$ money comes within Emergency and Extraordinary Expense Funds in the Other Purchased Services element of expense under the O&M appropriation. It is appropriated specifically to Defense agencies and the Services and cannot be reprogrammed from a Service to a Defense agency without Congressional approval.

-- DoD could redistribute Emergency and Extraordinary Expense fund limitations among Defense agencies (i.e., DMA to DIA) to increase DIA's ICF limitation. This wouldn't provide the O&M funds; DIA would have to take that out of hide. (I can't tell yet how much money would be needed.) If DIA couldn't reprogram O&M, they would have to go back to Congress for a supplemental.

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- Al South's shop in ASD (Comptroller) takes care of Emergency and Extraordinary Expense funds. The use of ICF funds for partial payment of family housing leases isn't advertised, although I believe Al South is aware its being done. It might not be useful to attract too much attention to the practice.
- Using ICF money for this purpose could be seen as an attempt to circumvent the will of Congress.

c. Go back to Senate Subcommittee on Military Construction and ask for an exception to the language in the Authorization Act that limits high-cost leases. Supplementary appropriations wouldn't be needed; DIA has sufficient family housing funds to cover the leases if they are approved. The exception could be justified, but it would take a lot of work to convince Symington. (At any rate, DIA should begin now to build a strong case for FY 77.)

8. Here's what I think we should do:

a. Find out how DIA works out options and their impacts. I'll stay in touch with Pat Uglietta on this. It might also be useful for General Wilson to discuss DIA's approach to the problem with General Crittenberger, Pat's boss.

b. If DIA can justify a request for relief, we should prepare for the Director:

- A memorandum to General Graham that supports DIA's case.
- A short pitch for him to use in his Congressional presentations.

c. In any event, we shouldn't commit the Director to anything until DIA does its homework and we know what, if any, the cost and operational impacts are.



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Attachment: As stated

Distribution:

Original - Addressee

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1 - Reading

1 - MH Chrono

IC/MPRRD:

26 Feb 77

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HR 16136

**MILITARY CONSTRUCTION AUTHORIZATION
FISCAL YEAR 1975**

FILE COPY

Legislative Reference Service
Office of General Counsel
Department of Defense

HEARINGS

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

OF THE

COMMITTEE ON ARMED SERVICES

UNITED STATES SENATE

NINETY-THIRD CONGRESS

SECOND SESSION

ON

S. 3471

**A BILL TO AUTHORIZE CERTAIN CONSTRUCTION AT MILITARY
INSTALLATIONS, AND FOR OTHER PURPOSES**

JULY 10, 11, 12, 18, 1974

Printed for the use of the Committee on Armed Services



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rect figure, I believe, is \$162 million some 75 to 80 million for the low record.

ENTITLEMENTS TO LOWER PAY GRADES

2.0 million for the extension of entitlements and household goods, station allowances and personnel (E-1 through E-4 with less previously authorized such entitlements.

Authorization Bill proposes construction the junior enlisted personnel at an estimated domestic leases for these personnel at

using and for entitlements for junior enlisted personnel.

507(b) relates to overseas leasing increase and an increase in the unit to 12,000 units. About 4,000 of the many. What is your deficit of housing entitled to quarters, and how many of used for the junior enlisted grade

it, Mr. Chairman, is around 13,000.

At the inception of this program, the 1975 program, it was not envisioned personnel would benefit by the aid, sir, when they became command provided to them to transport their own there is no reason why they need leases.

any noncommand sponsored dependent overseas that will convert to command proposed new program?

0,000 married servicemen overseas, families with them.

any additional dependent would be

over 25,000 additional personnel over, and would be subject to this

back again to the domestic leasing in Mr. Mendolia the early part of statutory cost limitation for 1,000 proposed to \$310 you are requesting. What is this all about?

Chairman, it is to assure that the policy in the Army, does provide for personnel that have to commute long distances recruiting areas. It is considered of the Army, that the recruiters serve, that they should participate could be known in the community.

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Many of these people, of course, are in metropolitan areas that are far from duty stations.

Senator SYMINGTON. Once again I want to emphasize the importance of segregating and listing what we are doing in order to produce the only kind of an Army that we can have today under the law, namely, a voluntary Army. We want to be sure that all the costs are there.

Mr. FLIAKAS. Yes, sir. I will have to convey that, of course, to principally the Assistant Secretary for Manpower, who should have cognizance of all the costs. I can furnish in the record my part of it.

Senator SYMINGTON. I don't care how you convey it so long as you convey it.

Mr. FLIAKAS. Understood.

Senator SYMINGTON. Last year when the Congress, for the first time, established limitations on overseas leasing the maximum cost limitation of \$625 per unit was waived on 300 units to avoid certain hardship cases and to avoid canceling certain high cost leases then in effect. It was expected that these leases would eventually be decreased for the most part to come within the maximum limitation. Even so, we now find that during the past year 21 additional high cost leases have been approved well above the new limitation of \$685 per month you are requesting. They range from \$8,621 to \$16,062 per annum. None of these are for particularly high ranking personnel that could conceivably need representational quarters.

Will you submit a list of these leases for the record and explain how why it was deemed necessary to approve such high cost leases?

Mr. FLIAKAS. Yes, sir; Mr. Chairman.
[The information follows:]

HIGH COST FOREIGN LEASES

The following leases have been approved by the Office of the Secretary of Defense for contract initiation or renegotiation since the enactment of statutory limitations upon the foreign leasing program.

Military department or Defense agency	Country	Grade	Annual cost
Army	Brazil	0-7	\$13,595
	Uruguay	0-6	9,000
	Italy	0-9	12,081
	do	0-9	12,081
Navy	do	0-8	12,192
	do	0-7	11,748
	do	0-7	9,780
	do	0-6	9,800
Air Force	Germany	0-6	11,100
	Argentina	0-6	12,500
	Chile	0-6	15,360
	Hong Kong	0-5	12,224
DIA	do	0-5	11,981
	do	0-4	16,062
	Ivory Coast	0-6	14,276
	Japan	0-5	12,260
	Liberia	0-7	11,250
	Mexico	0-7	14,880
	Sudan	0-4	12,830
	do	F-8	8,621
	Sweden	0-6	13,752
	Zaire	0-6	

Fourteen of the above leases were approved based upon the intended occupant having U.S. Government representational responsibility. Six of the leases were approved because of the excessive advance rental payments which would

*Submitted after
hearings.*

have caused a financial hardship upon the intended occupant. One lease was approved since the Ambassador had designated that only a limited number of housing units in a specified area of the city would be considered as secure enough for occupancy because of terrorist activity.

Mr. FLIAKAS. It is very difficult to establish standards that we can impose on the varying conditions in the various overseas areas, particularly for the Defense Intelligence Agency attache personnel that are attached to embassies in some exotic areas, and in some not so exotic areas. They are all over the world in some 60 or so locations, including some additional locations, such as Bangladesh, the People's Republic of China, and Egypt, where we will have new attache missions. We find in talking to the foreign buildings division of the State Department, where we receive guidance concerning those people that are attached to embassies, that there are no standards. We have attempted, for example, Mr. Chairman, to impose the new construction standards for military housing on these leases, but we find that they are just not applicable. Recently the Director of the Intelligence Agency—and this was concurred in by our Assistant Secretary of Defense for Intelligence, Dr. Hall—that they believe that their people require a certain amount of contact funds for entertainment purposes, and they require for the purposes—

Senator SYMINGTON. That doesn't come under a lease, though, does it?

Mr. FLIAKAS. Not the funds themselves but the necessary space to entertain.

Senator SYMINGTON. In other words, you pay \$16,000 a year for a lease of an apartment, and you can get a penthouse at the Watergate for considerably less than \$16,000 a year rental. I was wondering where in Bangladesh you would find that type of housing?

Mr. FLIAKAS. Yes, we do, Mr. Chairman.

Senator SYMINGTON. I think Mr. Nease has a point. Are you putting the cost of the cocktail parties where you get your intelligence information, are you adding that as part of the cost of your lease?

Mr. FLIAKAS. No, sir, that comes under a separate fund. But we do find—

Senator SYMINGTON. This is getting to be the most expensive housing program that I have come across in the Government. I have seen some pretty good ones.

Mr. FLIAKAS. It is difficult to control, Mr. Chairman. We are attempting, with the cooperation of the military departments and the Defense Intelligence Agency, to develop standards and criteria. But it is very difficult to develop a uniform criteria that would apply.

Senator SYMINGTON. I want a statement in the record as to why it is necessary to have a lease cost for someone who is not a particularly high ranking personnel of \$16,000 a year.

Mr. FLIAKAS. I will provide that, Mr. Chairman.

Senator SYMINGTON. I would like to have it in some detail, too.

Mr. FLIAKAS. Yes, sir.

[The information follows:]

FOREIGN LEASE FOR \$16,000 PER YEAR

The following data and justification was submitted in support of the subject lease:

1. Duty Station: Defense Attache Office, American Embassy, Ivory Coast.

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*Submitted after
hearings*

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upon the intended occupant. One lease was designated that only a limited number of of the city would be considered as secure terrorist activity.

cult to establish standards that we can ions in the various overseas areas, par- intelligence Agency attache personnel that some exotic areas, and in some not so the world in some 60 or so locations. tions, such as Bangladesh, the Peoples, where we will have new attache mis- the foreign buildings division of the receive guidance concerning those peo- ssies, that there are no standards. We Mr. Chairman, to impose the new con- ry housing on these leases, but we find ble. Recently the Director of the Intel- concurred in by our Assistant Secre- nce, Dr. Hall—that they believe that amount of contact funds for entertain- e for the purposes—

doesn't come under a lease, though,

themselves but the necessary space to

r words, you pay \$16,000 a year for a can get a penthouse at the Watergate 1,000 a year rental. I was wondering I find that type of housing?

Chairman.

Mr. Nease has a point. Are you put- arties where you get your intelligence it as part of the cost of your lease? comes under a separate fund. But we

is getting to be the most expensive come across in the Government. I have

to control, Mr. Chairman. We are at- of the military departments and the o develop standards and criteria. But uniform criteria that would apply. a statement in the record as to why it st for someone who is not a partici- \$16,000 a year.

hat, Mr. Chairman.

like to have it in some detail, too.

FOR \$16,000 PER YEAR

on was submitted in support of the subject

Office, American Embassy, Ivory Coast.

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2. Intended Occupant: Major, U.S. Army, Position Title: Assistant Army At- tache. Number of Dependents: Wife and 3 children (three sons, DOB 17 Aug 66, 13 Jul 68, 29 Mar 72).

3. Property to be Leased: Address: Lot 29, Chu, Cocody, Abidjan, Ivory Coast. Description: One two-story house consisting of a combined living-dining room, kitchen, 4 bedrooms, 3 bathrooms, storage room, garage and servants quarters approximately 2439 square feet. Estimated Initial Get-Ready Cost: None. Estimated Per Annum Costs: Total \$16,062; Rental \$7404, Utilities \$7138, Security and Protective Service plus Other \$2120. Estimated Advance Rental Payment Required: \$7404.

4. Per Annum MAHC \$4680.00 (No station housing allowance established). All U.S. Government personnel live in government-leased or government-owned quarters, and no station housing allowance is established by the Per Diem Committee.

5. Narrative Justification for Government Lease Requirements: a. Private leasing arrangements are not feasible in the Ivory Coast because of the re- quirement for sizeable advance rental payments and the necessity for expen- sive initial get-ready costs. Long-term government leases are advantageous to the government because they permit the Government to retain quarters on a long-term basis at a stable price. The current government lease ID-16 was originally negotiated for five years on 1 August 1969. The original term of the lease expires on 31 July 1974 with the lease containing a U.S. Government op- tion to renew the lease for an additional five years at no increase in the cur- rent \$7404 rent. Notice of the Government's intention to exercise the renewal option must be provided the owner in writing 30 days in advance (i.e., NLT 30 June 74).

b. By message to the DAO Ivory Coast on 22 May 74, DIA reiterated the Congressional, DOD and DIA concern about high-cost leasing. We directed the DAO to explore every possibility to obtain suitable quarters for the AARMA at less cost. On 1 Jun 74 the Defense Attache Office reported that their efforts to locate suitable quarters at less cost than those in effect 5 years previously were fruitless and that the American Ambassador concurred. The Embassy Housing Board, made up of all U.S. Agencies, has established maximum an- nual rental limit of \$9876 for all U.S. Government employees regardless of mission. Quarters leased under ID-16 are considered average for the occu- pant's counterparts in Abidjan and are considered ostentatious in any way. Considering all factors when compared to alternative housing, the acceptance of the renewal clause in ID-16 is least costly alternative for the U.S. Govern- ment. The Embassy is currently required to pay \$6173 to \$7407 annual rent to provide apartments in Abidjan for single secretaries. The following illustrates current rentals paid by the U.S. Embassy in Abidjan for U.S. officials having comparable grade of the AARMU with only the first two individuals having official entertainment (contact) responsibilities:

Title	Dependents	Annual rent
Assistant political officer	3	\$8,892
Assistant USIS officer	0	7,656
Act advisor - AID	1	9,876
Press officer - AID	1	7,896

Unknown.

6. Number of Military Personnel Assigned to Activity: 4 (two in government lease and two in Embassy permits)

7. Certification of Appropriateness and comparability: The Embassy Ivory Coast has determined that the quarters are comparable in size and cost to those occupied by Embassy personnel of equal or similar status. Members of Embassy staff of equal or comparable status are occupying either government- owned or leased quarters. Advance rental payments a custom of the country and U.S. Embassy policy to obtain lease terms most favorable to the Govern- ment.

The Office of the Secretary of Defense approved the renewal of the lease for the Assistant Army Attache in the Ivory Coast based upon the excessively large advance rental payment and the above justification.

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Mr. FLAKAS. As a matter of fact, I would like to submit the correspondence that set this out by the Director of Attache Services in the Defense Intelligence Agency.

Senator SYMINGTON. I would like to have that, too.

Mr. FLAKAS. Alright, sir.

[The information follows:]

DEFENSE INTELLIGENCE AGENCY,
Washington, D.C., May 30, 1974.

*Submitted after
hearings.*

[Memorandum for the Assistant Secretary of Defense (Installations and Logistics)]

Subject: Leased Family Housing in Foreign Countries

Reference: Your memorandum, subject as above, dated 22 May 1974.

1. Referenced memorandum requests we provide your office, for review and approval, standards and criteria which can be utilized in evaluating the adequacy and appropriateness of attache housing for personnel with official contact (social entertainment) responsibilities. Also, in order to evaluate the total scope of the requirement, you have requested that we provide you with the total number of personnel in overseas areas who have official government sanctioned and financially supported contact responsibilities. Thereby requiring housing at a standard other than the statutory standard currently applicable to new construction of housing.

2. The Defense Attache System currently has Defense Attache Offices located in 84 foreign countries. The DAO locations vary from remote and isolated capital cities such as Ndjamena, Chad; Blantyre, Malawi; and Tananarive, Madagascar, to modern cities such as Paris, Caracas and Tokyo. The types and availability of adequate and suitable housing vary significantly from country to country. In many countries, the housing is not designed functionally to save space. Often there is no middle class, and for this reason the acceptable Western style housing is built by a wealthy local official and will normally have extra space. The above situation, among others, makes it infeasible to establish a single set of housing standards for the Defense Attache System world-wide.

3. Further complicating the problem is the fact that the Defense Attache Offices are an integral part of the U.S. Embassy in-country. The attaches are diplomatically accredited to the host country and are important members of the U.S. Ambassador's staff. If they are to perform their official missions, they must host and attend official functions comparable to those hosted and attended by their U.S. and foreign embassy counterparts. Social customs differ significantly from country to country. In most countries formal entertaining predominates, with a requirement that our principal attache quarters have a dining room with a capacity to seat 12-18 people. In certain countries where a more informal social atmosphere prevails, seating arrangements with groups of card tables may be an acceptable form of dining arrangement. Thus, the housing requirements of the Attache System vary with the local social customs.

4. Summarizing paragraphs 2 and 3 above, relating to space requirements, in general, we believe that principal attaches require quarters that will accommodate 12-18 persons for a sit-down dinner and a stand-up function for 100-125 persons. Assistant attaches require quarters that will accommodate 8-12 persons for a sit-down dinner and a stand-up social function for 50-75 persons. That area of the quarters occupied by principal and assistant attaches not frequented by guests requires only that space sufficient to meet the occupant's family requirements. It should be noted that it is sometimes necessary to lease quarters with more bedroom space than actually required for a given attache's family requirements in order to obtain space for official contact functions.

5. The need for domestic employee quarters is dictated by the customs of the country. In most South American, African, Middle East and East Asian countries it is virtually impossible to lease suitable quarters that do not contain some form of quarters for domestic employees. The need for domestic employee quarters is primarily dictated by the individual attache's level of official contact responsibility and the local security situation. From the standpoint of large gardens, swimming pools and similar amenities, we do not consider them

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ENSE INTELLIGENCE AGENCY,
Washington, D.C., May 30, 1974.

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hard requirements for principal and assistant attache quarters. Normally, we support leasing of quarters with these facilities only when alternative suitable quarters are not available at less cost.

6. Your memorandum requests our recommendations concerning distance criteria from the Embassy for adequate attache housing. As a general rule, the attache's residence should never be located more than 30-40 minutes commuting time to the Embassy. More important, however, is the fact that it must be located in an area that will facilitate official foreign guests attending his social functions, as well as the attache attending reciprocal social functions.

7. The current number of attache personnel throughout the Defense Attache System who have government sanctioned and financially supported official contact responsibilities is 189 principal Service attaches and 133 assistant Service attaches.

8. We appreciate the problem presented by the Defense Attache System high-cost leases because of the controls recently established by Congress and their interest in DIA attache personnel leases. We will assist you in any manner possible to justify and evaluate the requirement for these leases. The final criteria by which DIA makes decisions regarding whether principal and assistant attache housing is or is not appropriate is based on a combination of mission requirements and cost effectiveness.

For the director:

SAMUEL V. WILSON,
Major General, USA,
Deputy Director for Attache Affairs.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., July 8, 1974.

[Memorandum for Deputy Assistant Secretary of Defense (Installations
and Housing)]

Subject: High-Cost Leased Family Housing for Intelligence Personnel
Reference: Your memorandum, subject as above, dated 21 June 1974

The referenced memorandum requests that I verify the DIA position on the above subject as reflected in the DIA response dated 30 May 1974.

I have reviewed the DIA response and have had my staff verify certain aspects. Based upon this review, I fully support the DIA position as expressed in their response.

I understand and appreciate the pressures you are under from Congress with respect to high-cost leased family housing for Defense personnel. On the other hand, the Defense Attaches are a vital part of our representational as well as intelligence efforts, and I ask for your continued support in insuring adequate housing for our Defense Attaches.

ALBERT C. HALL.

Senator SYMINGTON. You mentioned something about the State Department. This is not a State Department budget we are talking about.

Mr. FLIAKAS. No, sir; but we do have an agreement with the State Department for them to house our senior attaches. We do have to rely on them to certify that the quarters are not ostentatious and are commensurate with the rank of the individual.

Senator SYMINGTON. \$16,000 is ostentatious in just about any country that I know of. For the Defense Intelligence Agency, or head of the National Security Agency, or even the head of the CIA, which doesn't come under you at all, that is a very heavy rent, particularly for the average country.

You mentioned Bangladesh. And that is the reason I bring that in.

Mr. FLIAKAS. Yes, sir. This is a new area.

Submitted
after hearing

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Senator SYMINGTON. Would you submit a list of those leases and explain why it is necessary to have such high cost leases, the same question?

Mr. FLAKAS. I will, sir.

Senator SYMINGTON. What would be the effect if we should seek to reduce the number of excepted leases by about one-half? Would that assist your office in getting a better handle on the matter?

Mr. FLAKAS. This would be punitive, I believe, sir, in the sense that would probably have to cancel existing leases, and it would take away any flexibility that we have to deal with in this matter. What we are trying to do is to develop a criteria and a standard that could be applied. As I indicated, it is very difficult, because it comes under the heading of really subjective judgments on the part of both the occupant and the sponsor, in this case the State Department.

Senator SYMINGTON. We have had trouble like this before. When I was in the Pentagon we found some incredible situations where somebody just went off on their own and built things for which everybody got into trouble as a result, from the standpoint of wasting the taxpayers' money. That is a high figure for rent in any language that I know, with the possible exception of one or two. I think there should be given further explanation.

Would you give us a brief explanation of the need for an additional five million dollars for homeowner assistance this year?

Mr. FLAKAS. Yes, sir. This is required to take care of the applications of those individuals who were affected by the base closure announcement of April 17, 1973. It is a residual of those plus the additional base closure announcements of this year, in February and March, particularly for Air Defense Commands of both the Army and the Air Force. We feel that this is the minimum requirement for this program to sustain its operation, and to provide relief to the homeowners that were affected.

Senator SYMINGTON. Thank you very much for your testimony.

And thank you, Mr. Harrington.

[Whereupon, at 12:30 p.m., the committee recessed, to reconvene at 10 a.m., Thursday, July 11, 1974.]

MILITARY CO

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The subcommittee
12. Richard B. Rus-
ington (chairman).

Present. Senators S.
Also present: Gore
F. Campbell, clerical
for Symington.

Senator SYMINGTON.
Today, as a part
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It is to be recalled
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The Navy has asked
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Admiral, will you